

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: April 12, 2010
POSITION: Neutral

BILL NUMBER: SB 1407
AUTHOR: Senate Banking, Finance and Insurance

SPONSOR: State Compensation Insurance Fund

BILL SUMMARY: State Compensation Insurance Fund: Investments

This bill clarifies that the State Compensation Insurance Fund (SCIF) may invest excess funds in the same manner as private insurance carriers, with specified exceptions.

FISCAL SUMMARY

This bill would not result in any new costs to the SCIF as it is clarifying in nature.

COMMENTS

Existing law establishes the SCIF, a quasi-governmental agency, to provide workers' compensation insurance to California employers. Under existing law, the SCIF is required to invest and reinvest excess funds in the same manner as private insurers as outlined in Article 3 of the Insurance Code.

This bill would expand this authority by citing specific provisions of the excess funds investment law as outlined in Article 4 of the Insurance Code with certain exemptions and is intended to clarify existing law and how the SCIF invests excess funds. The SCIF indicates that this bill is needed to clarify their operational approach to investment of excess funds.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							
	LA	(Dollars in Thousands)							
	CO	PROP							Fund
	RV	98	FC	2009-2010	FC	2010-2011	FC	2011-2012	Code
8420/StComplnsrFd	SO	No	----- No/Minor Fiscal Impact -----						0512
<u>Fund Code</u>	<u>Title</u>								
0512	Compensation Insurance Fund								

Analyst/Principal (0240) K. Shelton	Date	Assistant Program Budget Manager Nona Martinez	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

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